

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FEA-01 PA-01 PRS-01

EPA-01 NRC-05 /095 W

----- 069925

R 131006Z FEB 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8431

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

COMUSMACHTAI BANGKOK

CINCPAC HONOLULU

LIMITED OFFICIAL USE BANGKOK 3345

CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: ENRG, TH

SUBJ: PETROLEUM: UNION OIL CO. MAY BE READY

REF: BANGKOK 804 (NOTAL)

1. UNION OIL COMPANY VICE PRESIDENT WILLIAM GREENWALT, RECENTLY RETURNED FROM 90 DAYS OF HOME LEAVE AND CONSULTATIONS IN THE U.S., TOLD EMBOFF FEB 13 THAT TECHNICAL AND LEGAL TEAM FROM HOME OFFICE WILL VISIT BANGKOK IN MARCH FOR TENTATIVE DISCUSSION WITH RTG ON CONSTRUCTION OF PIPELINE TO CARRY NATURAL GAS TO BANGKOK FROM WELLS IN GULF OF SIAM. GREENWALT ALSO CONFIRMED PRESS REPORTS THAT UNION OIL, WHICH HAS CONCESSIONS IN BLOCKS 12 AND 13, HAS ACQUIRED 45 PERCENT INTEREST

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IN CONOCO' ADJACENT BLOCKS 10 AND 11. HE SAID UNION WILL

SPUD EXPLORATORY WELL IN BLOCK 11 SECOND WEEK IN MARCH, PROVIDED CABINET APPROVES AMENDMENTS (ALREADY ENDORSED BY DEPARTMENT OF MINERAL RESOURCES) TO CONCESSION AGREEMENTS.

2. GREENWALT STRESSED THAT PIPELINE PROJECT AT THIS POINT IS "VERY TENTATIVE" AND THAT MUCH EFFORT AND RESEARCH LIES AHEAD WITH REGARD TO NATURE OF MARKET, PRICING, EXPLOITATION GUARANTEES, AND ABOVE ALL, FINANCING. PRELIMINARY STUDIES GREENWALT SAID, INDICATE PROJECT COULD COST AS MUCH AS US \$500 MILLION.

3. IN REGARD POTENTIAL RESERVES IN GULF, GREENWALT SAID EXISTENCE OF GAS IN COMMERCIAL QUANTITIES HAS NOT YET BEEN PROVED TO UNION'S SATISFACTION, BUT THAT COMPANY IS PROCEEDING ON JUDGEMENT THAT AREA OFFERS "BIG POSSIBILITIES." HE ADDED THAT UNION WILL HANDLE DRILLING OPERATIONS FOR DEEPWATER WELL TO BE SPUDDED IN CONSORTIUM BLOCK W-8 IN ANDAMAN SEA IN MARCH (PARA 4 REFTTEL).

4. COMMENT: MR. GREENWALT IS AFFABLE AND COOPERATIVE, BUT DOES NOT VOLUNTEER INFORMATION. EMBOFF ASSESSED HIM AS BEING FAR MORE OPTIMISTIC ABOUT PROSPECTS FOR GAS IN GULF THAN IN ANY PREVIOUS DISCUSSION OVER LAST 18 MONTHS. DEVELOPMENT OF MAJOR GAS FIELD IN GULF WOULD HAVE MAJOR IMPACT ON THAI ECONOMY, NOT ONLY IN REDUCING DEPENDENCE ON IMPORTS OF OIL, AND IN GENERATING EMPLOYMENT FOR CONSTRUCTION OF PIPELINE, BUT IN FORM OF POSSIBLE EXPORTS OF GAS.

WHITEHOUSE

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